



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Rejection of Proposals – Financial Audit Services

**MEETING DATE:** April 1, 1998

**PREPARED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council rejects the Response to the Request for Proposal for Audit Services and authorizes re-advertisement for bids.

**BACKGROUND INFORMATION:** The contract with KPMG Peat Marwick LLP, our current auditing firm, has expired upon the completion of the audit of fiscal year ending June 30, 1997. The Council authorized staff to go out for bid on February 18, 1998. On March 10, 1998, the City received two bids for the Financial Audit.


Staff is recommending that the following bids for the Financial Audit Services be rejected and request that the Council authorize re-advertising for bids:

Porter and Company, CPAs	\$46,240
Moss, Levy & Hartzheim	\$27,904

The first bidder does not meet the required deadline of the reporting requirements. The lack of other proposals makes it difficult to assess the other one for the services and amount offered.

It would be in the best interest of the City to reopen the bids for more proposals in order to get comparable or compatible bids with the incumbent auditing firm, preferably a firm that belongs to the "Big 6." A firm that has exposure to the new Financial Systems (JD Edwards-World Vision) recently installed by the City as stated in the Request for Proposal 98-01 is also preferred. It is essential that the City select a reputable and renowned firm that has vast experience in governmental accounting in order to maintain the creditworthiness of its financial reports.

**FUNDING:** Current Operating Budget

  
Vicky Mc Athie  
Finance Director

**APPROVED:** \_\_\_\_\_

  
H. Dixon Flynn -- City Manager

RESOLUTION NO. 98-52

A RESOLUTION OF THE LODI CITY COUNCIL REJECTING  
THE REQUEST FOR PROPOSALS FOR FINANCIAL AUDIT  
SERVICES, AND AUTHORIZING RE-ADVERTISEMENT

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WHEREAS, the contract with KPMG Peat Marwick LLP, the City's current auditing firm, expired upon the completion of the audit of fiscal year ending June 30, 1997; and

WHEREAS, on February 18, 1998 the City Council authorized staff to solicit proposals for audit services for the 1997-1998 fiscal year; and

WHEREAS, on March 10, 1998, the City received two proposals for financial audit services, they are as follows:

- |    |                          |          |
|----|--------------------------|----------|
| 1. | Porter and Company, CPAs | \$46,240 |
| 2. | Moss, Levy & Hartzheim   | \$27,904 |

WHEREAS, the first proposal does not meet the required deadline of the reporting requirements, and due to the lack of other proposals, it is difficult to assess the second proposal for the services and amount offered; and

WHEREAS, it is staff recommendation that the City Council reject the proposals received and authorize re-advertisement.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that the proposals received for audit services for the 1997-1998 fiscal year are hereby rejected, and hereby authorize staff to re-advertise Requests for Proposals.

Dated: April 1, 1998

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I hereby certify that Resolution No. 98-52 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 1, 1998 by the following vote:

AYES:	Council Members - Johnson, Land, Mann, Pennino and Sieglock (Mayor)
NOES:	Council Members - None
ABSENT:	Council Members - None
ABSTAIN:	Council Members - None

  
ALICE M. REIMCHE  
City Clerk